

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02

INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15

ICA-20 AID-05 TRSE-00 STR-07 OMB-01 CEA-01

COME-00 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01

AGRE-00 DOE-15 SOE-02 AF-10 ARA-14 EA-12 NEA-10

/178 W

-----027405 230306Z /63

R 212047Z APR 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6178

INFO AMCONSUL ANTWERP

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E.O. 11652:N/A

TAGS: ETRD, BEXP, BE

SUBJ: INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL EXPORT  
POLICY

REF: STATE 95673

1. SUMMARY. EMBASSY HAS SEVERAL COMMENTS OF A GENERAL  
NATURE CONCERNING POSITIVE AND NEGATIVE ASPECTS OF U.S.  
TRADE PROMOTION. WE ALSO SUBMIT SOME SPECIFIC SUGGESTIONS  
FOR IMPROVEMENT.

2. EDUCATION: U.S. GOVERNMENT, PUBLIC AND BUSINESS HAVE  
AS A RULE LITTLE INTEREST IN PROMOTING EXPORTS. THIS IS  
IN MARKED CONTRAST TO OTHER EXPORTING COUNTRIES LIKE  
JAPAN INC. OR EVEN BELGIUM WHERE EVERY CITIZEN OR COMPANY  
FULLY REALIZES THAT FOREIGN TRADE MAKES UP HALF OF  
COUNTRY'S GNP AND THAT FOREIGN EXPORT SALES MUST BE  
TAILORED TO SPECIFIC MARKETS (E.G. VOLTAGES, METRIC  
MEASUREMENTS). IF U.S. COULD LEARN TO ATTACH THE SAME  
REVERENCE TO EXPORT PROMOTION EFFORTS THAT IT ATTACHES,  
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FOR EXAMPLE, TO "NATIONAL SECURITY" EFFORTS, THE  
RESULTING SHIFTS IN EMPHASIS AND EFFECT SHOULD BE DRAMATIC.  
THIS CALLS FOR HIGHEST POLITICAL LEVEL INTEREST AND A  
MAJOR EDUCATIONAL CAMPAIGN.

3. TAX INCENTIVES: VAT EXEMPTION TO EXPORTERS IN COUNTRIES  
WITH A VAT SYSTEM IS A GREATER INCENTIVE TO EXPORTS THAN

IS OUR DISC. IT SHOULD BE POSSIBLE TO DEVISE TAX INCENTIVE BASED ON MATHEMATICAL CALCULATION OF EUROPEAN VAT REFUNDS TO OFFER EQUIVALENT REDUCTIONS IN CORPORATE TAXES ON OVERSEAS SALES/EARNINGS WHERE DISC IS INSUFFICIENT.

4. ELIMINATION OF BUREAUCRATIC BARRIERS: PROBLEM HERE IS THAT U.S. ATTEMPTS TO FURTHER SOME NATIONAL INTERESTS AT THE EXPENSE OF OTHERS BY USING TRADE AS A WEAPON. IN MOST INSTANCES THIS FAILS IN ITS OBJECTIVES BECAUSE OTHER TRADING NATIONS ARE HAPPY TO STEP IN AND REPLACE US. THERE ARE VERY FEW PRODUCTS OVER WHICH WE HAVE AN EXCLUSIVE CONTROL. EXAMPLES OF SUCH BARRIERS ARE:

A. EXPORT LICENSES: WE SHOULD LIMIT VALIDATION AND ENFORCEMENT PROCEDURES TO THOSE ITEMS OF GENUINE CURRENT STRATEGIC SIGNIFICANCE.

B. TAXING OF U.S. CITIZENS ABROAD: SUCH INCOME TAXES SHOULD NOT BE SUCH AS TO POSITIVELY DISCOURAGE OVERSEAS OPERATIONS OF U.S. FIRMS AND INDIVIDUALS.

C. ANTI-TRUST: LEGISLATION SHOULD ALLOW FOR JOINT BIDDING ON OVERSEAS PROJECTS.

D. ANTI ARAB BOYCOTT RULES: THIS LEGISLATION SEEMS PUNITIVE AGAINST U.S. FIRMS RATHER THAN AGAINST THE PURCHASER AS LONG AS THERE ARE ALTERNATIVE SUPPLIERS ELSEWHERE IN THE UNCLASSIFIED

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WORLD.

E. TRADE EMBARGO: AS A POLICY INSTRUMENT , THIS SHOULD BE DROPPED UNLESS REQUIRED BY INTERNATIONAL AGREEMENT.

5. IMPROVEMENT IN ASSISTANCE TO U.S. EXPORTERS: SEVERAL IMPROVEMENTS IN TRADE PROMOTION ACTIVITIES COME TO MIND. AMONG THEM ARE:

A. TEMPS: THIS NEW PROGRAM (STATE 91897; BRUSSELS 7328) SEEMS TO BE EXCELLENT APPROACH TO THE PROBLEM OF STIMULATING INTEREST IN OVERSEAS MARKET BY SMALL AND MEDIUM-SIZED FIRMS. RESOURCES BOTH IN COMMERCE OFFICES IN US AND IN OVERSEAS POSTS MAY HAVE TO BE REASSESSED IN ORDER TO BE FULLY RESPONSIVE TO THIS TYPE OF RECRUITMENT.

B. RESEARCH: THE SINGLE BIGGEST CONTRIBUTION FOREIGN SERVICE POSTS CAN MAKE TO THE SMALL AND MEDIUM-SIZED FIRM IS UP-TO-DATE MARKET RESEARCH WHICH SUCH FIRMS COULD NOT OTHERWISE AFFORD. GLOBAL MARKET SURVEYS, BECAUSE OF LONG TIME LAG, ARE OFTEN OF LITTLE VALUE. WE RECOMMEND THAT FUNDS AND PERSONNEL BE MADE AVAILABLE TO POSTS TO CARRY

OUT SHORT RESEARCH REPORTS ON MARKET POSSIBILITIES FOR PROMISING U.S. PRODUCTS INCLUDING AGRICULTURAL AND FOOD PRODUCTS. THE DISTRIBUTION OF SUCH REPORTS MUST BE VASTLY IMPROVED I.E. THEY NEED TO BE PUT IN THE HANDS OF THE FIRMS THAT CAN USE THE INFORMATION.

C. TRADE OPPORTUNITY PROGRAM: THIS IS A WORTHWHILE PROGRAM BUT SUBSCRIBERS LISTS NEED IMPROVING AND SIC LISTS NEED UPDATING AND REFINEMENT WITH END USER ORIENTATION. IDEALLY, OVERSEAS POSTS SHOULD BE HOOKED INTO A COMPUTER WHICH COULD SEARCH AND OBTAIN NAMES AND ADDRESSES OF SUPPLIERS. THESE SUPPLIERS SHOULD BE STRONGLY ENCOURAGED TO PROVIDE USDOC WITH UP-TO-DATE CATALOGS OF THEIR

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PRODUCTS. THESE CATALOGS, REPRODUCED ON MICROFILM, SHOULD BE IN MOST COMMERCIAL LIBRARIES. THUS, WE COULD CONFIRM IMMEDIATELY TO A POTENTIAL IMPORTER WHETHER OR NOT THE PRODUCT HE SEEKS IS AVAILABLE AND FROM WHOM. SIMILAR CONCEPTS COULD BE APPLIED TO USDA'S TORS PROGRAM.

D. FOREIGN BUYER PROGRAM: PROMOTION OF U.S. TRADE FAIRS IS A WORTHWHILE ACTIVITY BUT USDOC NEEDS TO TAKE A STRONGER HAND TO ENSURE THAT INFORMATION, INCLUDING NAMES F COMPANIES AND PRODUCTS TO BE DISPLAYED, IS DISSEMINATED MUCH SOONER. PART OF USDOC'S "PUSH" EFFORT MIGHT BE TO SUBSIDIZE SHOW ORGANIZERS OF PARTICULARLY ATTRACTIVE SHOWS SO THAT BROCHURES ARE COMPLETED FASTER. WE NEED MINIMUM OF SIX MONTHS IN ORDER TO PROMOTE SHOWS BUT RARELY DO WE

OBTAIN INFORMATION IN TIME.

E. OVERSEAS TRADE SHOW PARTICIPATION: RATHER THAN INSISTING THAT FIRMS PARTICIPATING IN OVERSEAS TRADE SHOWS UNDER USDOC SPONSORSHIP PAY THEIR FULL WAY, WE SHOULD BE PREPARED TO SUBSIDIZE NEW-TO-EXPORT-MARKET FIRMS. WE MIGHT USEFULLY EXAMINE WAYS THAT OTHER EXPORTING COUNTRIES UNCLASSIFIED

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SUCH AS BELGIUM USE GOVERNMENT SUBSIDIES TO HELP EXPORTERS.

F. STATE OFFICES: WE NEED TO EXAMINE WAYS OF ENCOURAGING AND EXPANDING TRADE PROMOTION EFFORTS BY INDIVIDUAL STATES AND REGIONAL COMMISSIONS. MORE WORK COULD BE DONE THROUGH STATE GROUPS (SUSTA, MIATCO, ETC.) AND INDIVIDUAL STATE OFFICES TO SERVICE AND ENCOURAGE EXPORTS FROM THEIR OWN AREAS. CHAMBERS

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, EXPORTS, COMMITTEE MEETINGS  
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Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
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